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C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 000160

SIPDIS

FOR EAP/MTS AND INR

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TAGS: PGOV PINR KDEM MY

SUBJECT: NAJIB ON TRACK TO BECOME PM AS POLITICAL  
TURBULENCE CONTINUES

REF: A. KL 78 -- NAJIB LEADS TAKEOVER OF PERAK

1B. 08 KL 1116 -- ANTI-CORRUPTION REFORMS

1C. 08 KL 929 -- RARE STATEMENT BY COUNCIL OF RULERS

Classified By: Political Counselor Mark D. Clark for reasons 1.4 b and d.

Summary and Comment

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11. (C) Malaysia's Deputy Prime Minister Najib Tun Razak appears on track to take over as Prime Minister by early April against a backdrop of continued political turbulence. With ruling UMNO party elections less than four weeks away, both the King and outgoing PM Abdullah himself publicly reconfirmed Abdullah's exit. While Najib remains set to become UMNO and Malaysia's next leader, the March 24-28 party elections feature heated contests for other senior slots. On February 16 the King opened a raucous Parliamentary session featuring debate over the Perak state political crisis, the politicization of anti-corruption efforts and the circulation of nude photos of an assemblywoman, as well as an UMNO Youth confrontation with senior opposition leader Karpal Singh. The opposition's refusal to concede loss of the Perak state government following an UMNO-led takeover has produced political chaos in the state and recriminations over the opposition's respect for the Sultan. The opposition, backed by important civil society voices, persists in seeking fresh elections in Perak. Malaysia's political tempest will continue with three by-elections scheduled to take place on April 7.

12. (C) Comment: One year after UMNO and its ruling National Front (BN) coalition suffered an unprecedented electoral setback, Malaysia's political scene remains uncharacteristically volatile. UMNO's elections and Najib's ascension to power arguably will represent closure of the post-2008 election phase, but it will not mean a quick return to staid politics. The Perak situation demonstrates that opposition leaders, still standing together in a shaky alliance, remain willing to challenge UMNO and its central government apparatus, even when there is little immediate prospect of success. The three April 7 by-elections will draw very significant attention from BN and the opposition as both sides seek political momentum at the beginning of Najib's administration. Continued political volatility, coupled with the change in administration, provides a serious distraction from pressing policy issues, not the least of which is the need for strong measures to deal with the deteriorating economic situation. End Summary and Comment.

Najib Still On Track

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¶3. (C) The critical party elections and general assembly of the United Malays National Organization (UMNO), Malaysia's ruling party, are less than four weeks away and DPM Najib remains on track to replace Abdullah Badawi as both UMNO president and Prime Minister. While Kuala Lumpur's rumor mill churns out hints that Abdullah will stay on as Prime Minister even after he relinquishes the UMNO presidency (constitutionally possible, but against all precedent and politically unrealistic), credible Embassy contacts state that a weary Abdullah does not intend to try to abrogate his handover deal with Najib. Further cementing Najib's takeover, the King publicly bid farewell to Abdullah during his February 16 address to Parliament and Abdullah, speaking from the ASEAN summit on March 2, told reporters he intended to step down by the end of March.

UMNO Elections Loom

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¶4. (C) Though Najib's uncontested election as UMNO president does not appear in doubt, the UMNO poll features heated contests for other key posts, including that of Deputy President, three Vice Presidents, Supreme Council seats, and the head of the influential UMNO Youth wing. PM Abdullah reportedly backs Malacca Chief Minister Ali Rastam to defeat Trade/Industry Minister Muhyiddin Yassin for Deputy President and clearly favors his son-in-law Khairy Jamaluddin for Youth chief, who nevertheless is a dark horse. Najib, however, appears to have refrained from throwing his clear support behind individual candidates, at least at this point. The

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impending UMNO elections, which will strongly influence Najib's future cabinet reshuffle, continues to distract senior government leaders and color other political developments.

King Opens Parliament and Warns Against Racial Hatred

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¶5. (SBU) Parliament reconvened on February 16 for a one-month sitting that is likely to favor political drama over law-making. Malaysian King Mizan Zainal Abidin's opening speech (in years past drafted by the government) praised the government's reactions to the worldwide recession and recent crisis in Gaza, in addition to bidding farewell to PM Abdullah. The King also emphasized the supremacy of the Constitution and the need for racial harmony and religious tolerance, warning those that incite hatred that they were going against his wishes and the Constitution, echoing sentiments voiced by the Sultans as a group in October 2008 (ref C). Ambassador Keith and other envoys attended the King's speech.

¶6. (SBU) The King's speech kicked off four days of open debate within Parliament and heated exchanges between National Front (BN) and opposition People's Alliance (PR) members. The political chaos in Perak state (ref A) dominated the sessions attended by Poloffs, with BN MPs posturing as defenders of the monarchy, while the opposition MPs positioned themselves as champions of the people, calling for new elections in the state. Parliamentary debates and the media also focused on the newly launched Malaysian Anti-Corruption Commission (MACC, ref B) and opposition charges of the MACC's politicization reflected in its targeting of PR Selangor Chief Minister Khalid Ibrahim. The circulation of illicit photos taken of Selangor PR State Assemblywoman Elizabeth Wong led conservative factions within BN and PR's Islamist party PAS to demand her resignation for her alleged immoral behavior, opening up fierce discussions over the right to privacy. Wong has offered up her resignation, but it has yet to be accepted.

¶7. (SBU) The Parliament grounds were the scene of a widely publicized confrontation on February 26 between veteran

Democratic Alliance Party (DAP) Chairman and MP Karpal Singh, who is wheelchair-bound, and a threatening UMNO Youth delegation. The UMNO Youth reps, who briefly blocked Karpal's entry into the Parliament building and scuffled with his aides, were angered over the DAP leader's accusation that UMNO Youth were responsible for a recent death threat stemming from Karpal's possible suit against the Perak Sultan. Opposition MPs complained that no security guards or police intervened to assist Karpal.

**¶8.** (SBU) Beyond the debates and antics, this Parliamentary session also has an abbreviated lawmaking agenda. Beginning March 6, the lower House is scheduled to take up a variety of bills to include that on witness protection. A bill for strengthened oversight of law enforcement agencies, which PM Abdullah previously discussed as a parting reform measure, is not yet on the Parliament's agenda.

#### Political Chaos in Perak

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**¶9.** (C) The PR's refusal to concede loss of the Perak state government following an UMNO-led takeover, despite the Sultan's confirmation of a new BN government, has produced a situation of political chaos in the state. On February 18, **IV. Sivakumar**, Speaker of the Perak State Assembly and PR member, suspended the new UMNO CM Zambry Abdul Kadir and his six Executive Councilors (Exclos) from the State Legislative Assembly, saying their appointment was unconstitutional. PM Abdullah issued a harsh and immediate rebuke warning Sivakumar that his action was a direct challenge to the Sultan's authority. On February 25, PAS Deputy President Nasharuddin Mat Isa told us that PR was quietly lobbying the Sultan to accede to the request to convene a special session of the State Assembly to resolve the political crisis. Lacking a response from the Sultan, Sivakumar raised the ante by using his power as Speaker to schedule an emergency state assembly session on March 3. The announcement drew another round of condemnation from UMNO leaders, including PM Abdullah and DPM Najib. UMNO leaders claimed only the Sultan has the right to convene a state assembly session, although

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the Bar Council and several prominent lawyers highlighted that under the Perak state assembly standing orders the Speaker has inherent powers to convene the assembly. UMNO CM Zambry declared the March 3 emergency meeting of the state assembly a "threat to national security," a term that implies the federal government could invoke emergency measures, such as arrests under the Internal Security Act.

**¶10.** (SBU) A day prior to the meeting, the Perak State Secretary, a civil servant, ordered the state assembly gates locked to prevent Sivakumar and other PR assemblymen from holding the emergency session. Denied entry, Speaker Sivakumar convened the emergency session under a tree 200 meters from the state assembly building. All 27 PR assemblymen attended the meeting, unanimously and predictably passing three resolutions: a motion of confidence on PR CM Nizar as the legal Perak CM; agreement to seek Royal consent for dissolution of the state assembly; and the endorsement of the suspension of UMNO CM Zambry Abdul Kadir and his Exclos. Nizar told reporters he would seek an audience with Perak's Sultan to convey the assembly's resolutions. UMNO lawyers are asking the courts to invalidate any decisions made during the emergency sitting, which UMNO leaders called an illegal assembly. Bar Council President Ambiga, reacting to the ad hoc assembly, commented "the situation is untenable and cries out for the one thing that will resolve it conclusively: fresh elections...Let the people decide."

**¶11.** (C) During a February 23 meeting, UMNO MP Nur Jazlan told visiting EAP DAS Scot Marciel that UMNO's actions in Perak represented a "pure power play" and that the party intended to use protecting the monarchy as a key issue during the up-coming by-elections. Nur Jazlan also admitted that two of

the PR assemblymen defected to BN because they were desperate to evade pending corruption charges. Attending opposition MPs disagreed on the impact the "monarchy issue" will have on the elections, but one noted apprehensions over Malay sensitivities and the concern that the situation could spark a race riot.

#### Upcoming By-Elections: An Opportunity for Both Sides

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**¶12.** (SBU) Three impending by-elections, including one in Perak, will add to Malaysia's current political turbulence. The Election Commission announced on February 13 that the by-elections for a vacant MP seat in Perak and a vacant State Assemblyman seat in Kedah will both take place on April 7. The vacant MP seat in Perak is due to the death of its incumbent, while the vacant State Assemblyman seat in Kedah is the result of the former holder's resignation under a cloud of corruption. The EC set the official nomination date (for the registration of candidates) for March 29, after which the candidates are allowed to campaign until April 6. On February 24, a BN State Assemblyman from Sarawak died in his sleep. The EC on March 4 confirmed that this vacant seat also will be contested on April 7. As of March 4, no candidates for any of the contests have been announced. The three by-elections will not result in any change in state or national Parliament control, but are being touted as referendums on BN and PR popular support. PR candidates have won the two by-elections held since the March 2008 general elections.

#### Anwar Set to Give One-Year Anniversary Address

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**¶13.** (SBU) Opposition leader Anwar Ibrahim will deliver a national address on "People's Power" on the one-year anniversary of the March 8, 2008, national elections that saw significant opposition gains and gave Anwar's Peoples Justice Party (PKR) the second largest representation in Parliament. Anwar will deliver the speech in large venue owned by the PR-led state government in Selangor. Emboffs will attend.  
RAPSON